PROVINCE OF SASKATCHEWAN

07-08

ANNUAL REPORT

SASKATCHEWAN
WATERSHED AUTHORITY

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All Saskatchewan Watershed Authority Annual Reports, including this document, are available on our website at: **www.swa.ca/AboutUs/PerformancePlans.asp.**

Minister's Message

July 29, 2008

The Honourable Dr. Gordon L. Barnhart
Lieutenant-Governor of Saskatchewan
Province of Saskatchewan

Your Honour:

I have the honour to submit herewith the Annual Report of the Saskatchewan Watershed Authority for the period ending March 31, 2008, including financial statements for the year audited by the Authority's auditor in a form approved by Treasury Board, all in accordance with *The Saskatchewan Watershed Authority Act, 2005*.

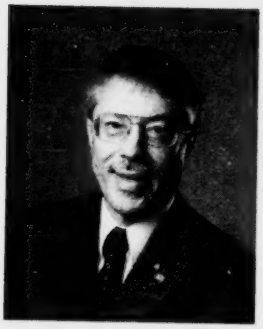
Since the election in November 2007, this government has been building on its values of growth, security and promises. During this time, government has been deliberating on how to strategically invest in Saskatchewan to ensure the momentum translates into long-term, sustained economic prosperity, and to make certain that the benefits of the growing economy are felt by everyone who calls Saskatchewan home.

This report covers a year of transition to our new government's strategic direction. While this report shows significant progress in areas such as working with communities to develop watershed plans, I anticipate reporting on broader steps to implement the government's water agenda in next year's report.

We are committed to accountability and to ensuring that we deliver on our commitments. A significant number of commitments have already been made to Saskatchewan people in the 2007-08 election platform, the Speech from the Throne and in the public Minister's Mandate letters. This report will provide progress on those commitments as they relate to the Saskatchewan Watershed Authority as of March 31, 2008. We look forward to furthering our commitment to improved accountability as 2008-09 progresses.

Nancy Heppner
Minister Responsible
Saskatchewan Watershed Authority

Chair's Message



July 29, 2008

The Honourable Nancy Heppner
Minister Responsible
Saskatchewan Watershed Authority

Madam:

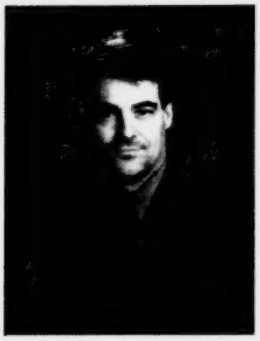
I am pleased to submit the Annual Report of the Saskatchewan Watershed Authority for the fiscal year ending March 31, 2008.

Sincerely,

Stuart Kramer

Stuart Kramer
Chair of the Board
Saskatchewan Watershed Authority

President's Message



July 29, 2008

Stuart Kramer
Chair of the Board
Saskatchewan Watershed Authority

Sir:

I have the honour to provide this report on the progress and accomplishments of the Saskatchewan Watershed Authority for the year ending March 31, 2008.

Sincerely,

Alan Parkinson
President
Saskatchewan Watershed Authority

Introduction

This Annual Report describes actual results for the key actions and performance measures published in the Saskatchewan Watershed Authority's 2007-08 Performance Plan, organized by the Authority's key program areas.

The report also includes audited financial statements for the year ending March 31, 2008, prepared in accordance with *The Saskatchewan Watershed Authority Act, 2005*.

All Authority Performance Plans and Annual Reports are available on our website at: **www.swa.ca/AboutUs/PerformancePlans.asp**.

Organizational Overview

The Saskatchewan Watershed Authority is a Treasury Board Crown Corporation with a mandate to protect, manage and enhance the province's water and watershed resources for the environmental, economic and social benefit of citizens.

To manage surface water supplies, the Authority owns and operates 45 dams and 130 kilometres of conveyance channels plus ancillary works. The Authority makes significant investments in the rehabilitation and upgrading of this infrastructure each year. The Authority provides hydrology expertise to determine water supplies, guide allocations, and predict floods. All major surface water allocations, including municipal, industrial, irrigation, and intensive livestock uses, must be approved by the Authority. Employees from the Authority also represent Saskatchewan on trans-boundary water issues.

Much of Saskatchewan depends on ground water for domestic, industrial and agricultural uses. To protect this resource, the Authority licenses all but domestic users to ensure new development does not adversely impact existing users, operates the provincial ground water monitoring network, conducts regional ground water mapping and resource assessment, and provides information to citizens and industry to help locate ground water supplies.

The Authority's water control program supports agriculture by helping to maintain the productivity of flood prone land and to address water erosion issues. The Authority also hears complaints about drainage causing damage and may rule and enforce remedies, such as ditch blocks.

Public support and participation is essential to efforts to protect source water. Saskatchewan Watershed Authority staff work with community representatives to develop source water protection plans for watersheds and aquifers. Plans have been completed in five watersheds and one aquifer and are in progress in three additional watersheds to protect source water. The Authority works with watershed associations to implement plans, including initiatives to help landowners improve watershed health through restoration of riparian areas, protection of wetlands and grasslands, and encouragement of management practices that benefit fish and wildlife and protect water sources.

The Authority works with many partners to deliver education and information programs to create awareness and understanding of water and watershed issues.

The Executive Management Team meets periodically with the Authority's Advisory Committee to discuss and evaluate program objectives and to identify, assess and solicit advice on a broad range of water issues, challenges and opportunities. The Advisory Committee (see Appendix 1) represents the diversity of provincial water activities and interests.

Legislative Responsibilities

The Saskatchewan Watershed Authority administers and is responsible for the following legislation:

- *The Saskatchewan Watershed Authority Act, 2005*
- *The Conservation and Development Act*
- *The Water Power Act*
- *The Watershed Associations Act*

Funding Resources

As a Treasury Board Crown Corporation, the Saskatchewan Watershed Authority relies on several revenue sources, including:

- Grants from the province's General Revenue Fund
- Water rental charges through *The Water Power Act*
- Industrial water use charges
- Grants from the Ministry of Environment, Fish and Wildlife Development Fund, and
- Contracts with government and non-government agencies, associations and other sources.

Organization of the Authority

The Saskatchewan Watershed Authority is a Treasury Board Crown Corporation governed by a Board of Directors, with a Minister Responsible for the Saskatchewan Watershed Authority.

From April 1, 2007 to November 26, 2007, the President, Stuart Kramer, reported to a three-person Board comprised of: Alan Parkinson – Chair (Deputy Minister of Saskatchewan Environment); Lily Stonehouse - Vice Chair, (Deputy Minister of Government Relations); and Harvey Brooks - Director (Deputy Minister of Saskatchewan Agriculture and Food). The Minister Responsible for the Saskatchewan Watershed Authority was the Honourable John T. Nilson, Q.C.

Effective November 27, 2007, Alan Parkinson was appointed President and reports to a one-person Board, Stuart Kramer (President of SaskWater). The Minister Responsible for the Saskatchewan Watershed Authority is the Honourable Nancy Heppner.

The Authority's head office is located in Moose Jaw, but many services and programs are delivered through its regional offices in Nipawin, North Battleford, Swift Current, Weyburn and Yorkton and other offices located at Gardiner Dam, Prince Albert, Rafferty Dam, Regina and Saskatoon (see Appendix 2). The Authority has four divisions: Operations, Stewardship, Policy and Communications, and Corporate and Human Services. The Authority's organizational structure is shown in Appendix 3.

The Corporate and Human Services Division also provides human resources, finance, administration, and information technology support to SaskWater on a contractual basis.

Progress in 2007 - 2008

The following section provides updates on each of the key actions and performance measures originally presented in our 2007-08 Performance Plan. In addition, there are updates provided for key actions that did not appear in the Performance Plan but were important in 2007-08 as the Authority responded to flooding at Fishing and Waldsea lakes, and made significant progress on the implementation of the geospatial information system.

A New Government Direction - Growth, Security and Promises

In the 2007 Speech from the Throne, the new Government set forth a vision for securing Saskatchewan's future. A key part of this vision was ensuring that the people of Saskatchewan have access to clean drinking water, as well as pristine lakes for recreational use. To deliver on this vision, the Authority works with municipalities and stakeholders across the province to deliver programs that conserve and protect our water resources. This includes such initiatives as the implementation of Saskatchewan's Water Conservation Plan and the development of source water protection plans in key watersheds and aquifers, among others. The Authority also works with farmers to improve conservation and protection measures, and implements green initiatives on agricultural lands.

Water Management Infrastructure Programs

The Authority operates and maintains 45 water control structures and 130 kilometres of conveyance channels for the Province. These works are an essential part of Saskatchewan's water management infrastructure. They control the flow of water to improve water quality, ensure adequate supply, reduce the risk of flood damage, enhance recreation opportunities and maintain aquatic habitat. Four of the dams – Gardiner, Qu'Appelle, Rafferty and Alameda – would have major consequences from downstream flooding, including property and environmental damage, as well as likely loss of life, if they failed.

Like all capital assets, these works depreciate and require a continuous investment in maintenance and rehabilitation to ensure their safety and ability to operate to meet the province's needs. The Authority's 2007-08 aggregate expenditure for the water management infrastructure rehabilitation was $2,357,000.

Over 50 per cent of the Authority's structures are over 35 years old. Not only has their physical condition declined, in many instances the initial criteria used in their design falls well short of today's standards. Furthermore, at the time of project development, potential impacts on fish were not as great a concern as they are today. Aside from the need to ensure structural integrity, fish passageways need to be constructed at some facilities and improved at others.

To assess the safety of the water management infrastructure, the Authority undertakes a number of activities including comprehensive safety inspections, performance monitoring, safety analyses and hydrology reviews. The total cost of the Authority's dam safety program during the reporting period was $382,000.

Complete the rehabilitation of the Lac La Ronge Control Structure. [2007-08 planned result]

All requisite and planned rehabilitative work was completed during the year prior to fall freeze-up. Completion of this work had been deferred during the previous two years owing to abnormally high lake levels over that period. Work undertaken in 2007-08 included replacing the two radial gates, installing an upgraded stop log handling system, anchoring the structure to the bedrock, repairing eroded concrete

surfaces, and fabricating new metal stop logs. In addition, upon completion of works rehabilitation, the by-pass channel around the control structure that had been constructed and operated to maintain a live downstream flow in the Rapid River was converted into a fish passageway. Project costs incurred during 2007-08 amounted to $898,000. The Lac La Ronge Control Structure is now considered to fully meet present dam safety criteria.

Replace or line corroded riparian outlet pipe at Theodore Dam. [2007-08 planned result]

Following its installation in 1964, perforations had developed in the wall of the 1.22 metre diameter corrugated steel riparian outlet pipe through the dam. To address this safety deficiency, the Authority designed and tendered the installation of a 43-metre-long PVC conduit liner within the outlet pipe. To avoid either dewatering the reservoir, which would have adversely affected fish populations or alternatively installing an expensive cofferdam, the liner was designed and tendered to be installed underwater. The work was successfully completed in the fall at a cost of $422,000.

Undertake pump station upgrading at the Pike Lake Project. [2007-08 planned result]

Some improvements were made at the pump station. These included installing chain link fencing around the site for purposes of security and public safety. Owing to higher than normal flows in the South Saskatchewan River, planned stabilization of the river bank at the pump station and relocation of the pump cart ramp were deferred until 2008-09.

Complete a dam break analysis of the Qu'Appelle River Dam. [2007-08 planned result]

This analysis was completed in August 2007 at a cost of $115,000. This work involved deriving dam breach outflow hydrographs and computing flood flows and inundation levels along the length of the Qu'Appelle Valley to the Saskatchewan-Manitoba border. The results will be used by the Authority to prepare Emergency Preparedness and Response plans.

Conduct comprehensive dam safety inspections at Broderick North, Broderick West, Esterhazy, Star City, Spruce River and Lac La Ronge Dams and commission an independent dam safety review of Rafferty Dam. [2007-08 planned result]

With the exception of Lac La Ronge Dam, the rehabilitation of which was not completed until just prior to freeze-up, comprehensive dam safety inspections were completed at all the listed works. An inspection of the Candle Lake outlet works was undertaken in lieu of that planned for Lac La Ronge.

Measurement Results

Performance Measure	March 2003	March 2004	March 2005	March 2006	March 2007	March 2008
Risk associated with water management infrastructure.	0.190	0.147	0.141	0.145	0.144	0.212

The Authority uses a ratio of the assessed risk to the total possible risk to establish targets and to measure progress in reducing risk associated with its infrastructure. Risk, defined as the likelihood of a failure multiplied by the consequences of a failure, has been assessed in relative values. Numerically the risk ratio can be expressed as:

$$\text{Risk Ratio} = \frac{\sum \text{Assessed Current Risk}}{\sum \text{Total Possible Risk}}$$

The risk ratio increased dramatically during the year from 0.144 to 0.212. This increase is largely attributable to impaired operational capability of the spillway gates at both Alameda and Rafferty dams owing to seized gate roller assemblies. Without these discovered deficiencies, the risk ratio would have been 0.155. A high priority was assigned to addressing the spillway gate deficiencies. The roller assemblies were redesigned and replacement materials were ordered in 2007-08. Intentions are to rehabilitate all the roller assemblies in 2008-09.

Performance Measure	March 2003	March 2004	March 2005	March 2006	March 2007	March 2008
The number of dams requiring upgrades to meet dam safety criteria.	29	27	27	26	28	27

Notwithstanding these unexpected deficiencies, the number of dams requiring upgrades to meet dam safety criteria reduced by one to 27.

Water Supply Programs

A reliable water supply is essential to support domestic, economic and environmental demands -- both present and future.

The Province has historically managed the planned removal of water from source water bodies by allocating supplies for domestic, municipal, industrial, irrigation, and other purposes. A prime objective in managing the allocation of water is to ensure that new users do not take water already allocated and depended on by another person or business. Managed allocation also allows for new and other uses to be considered, such as burgeoning economic initiatives and instream uses important to the health of aquatic ecosystems.

The operation of provincial projects, such as the Authority's major dams and SaskPower's hydro operations, requires careful planning to achieve project objectives and to minimize negative impacts on other uses of the resource. Reliable and extensive data are collected and analyzed to provide the essential background information required for operation planning.

There is a consensus among most climatologists that the earth's atmosphere is warming, which is expected to lead to increased variability in other meteorological elements, such as rain, snow, wind, and an increase in frequency of severe storms. These changes will impact the province's water supply, so maintaining reliable water supplies into the future will require continued and improved water management methods.

Lead implementation of the Water Conservation Plan, including implementation of a grant program to assist municipalities and other partners with water conservation initiatives. [2007-08 planned result]

The Authority created or continued several partnerships to lead implementation of Saskatchewan's Water Conservation Plan. SaskEnergy continues to administer the EnerGuide toilet replacement program with funding from the Authority. Also, the Authority partnered with and provided funds to the communities of Humboldt and Yorkton to advance their water conservation agendas. Projects included leak detection studies and education campaigns in the communities. A partnership with SaskWater has been funded to provide water conservation information and incentives to SaskWater customers. Our partnership with the Saskatchewan Environmental Society has produced a booklet on home water conservation. The booklet is in the final draft review phase and is expected to be finalized and distributed just prior to the summer of 2008. The Authority's partnership with the Ministry of Environment's Go Green Program has provided essential funding to allow these projects to proceed. In addition, a partnership with Saskatchewan Health, Saskatchewan Environment and Saskatchewan Enterprise and Innovation has created a Water Recycling and Reuse Advisory Group to develop a process for the approval of grey water systems and other water recycling technologies.

Participate in negotiations with the federal government and Qu'Appelle Valley First Nations to reach final agreements in the flood claims related to Prairie Farm Rehabilitation Association (PFRA) control structures. [2007-08 planned result]

The Saskatchewan Watershed Authority and the Ministry of First Nations and Métis Relations have represented the Province in negotiations with the federal government and the First Nations to resolve the Qu'Appelle Valley flood claims. Negotiations progressed significantly in 2007-08 and provincial negotiators are optimistic that a lasting settlement at Pasqua, Echo and Crooked lakes will be achieved during 2008.

Lead negotiations with Qu'Appelle Valley First Nations for co-management agreements, required as a condition for settling flood claims. [2007-08 planned result]

The Saskatchewan Watershed Authority and the Ministry of First Nations and Métis Relations, together with the Muscowpetung, Pasqua, Sakimay and Cowessess First Nations, have made progress in the development of co-management agreements. The co-management agreements are part of the consultative process around impacts of water management on the reserves and on Treaty Rights. Negotiations will continue in 2008.

Review and revise operating plans for an additional five of the 45 major Watershed Authority owned structures, including public consultation. [2007-08 planned result]

Work on the development of operational plans was limited because of the need to divert staff resources to flood operations and emergency flood works for Fishing and Waldsea lakes. However, a template for the 45 operation plans has been established and further progress will continue in 2008-09.

Improve the provincial hydrometric data utility by ensuring that 15 per cent of the stations have data which is current and develop a schedule for completing the other 85 per cent of the stations to ensure the data is current. [2007-08 planned result]

The Authority has approximately 600 hydrometric station years of data ready for publishing. There remains a backlog of about 2,200 station years of data. Publishing of the data is pending, as the federal government finalizes the publishing process for provincial data in the National Hydrometric Data System. Twenty per cent of the backlog has been eliminated.

Improve the legislative and policy framework for water management by completing the Integrated Water Management Framework, revising allocation policies and developing recommendations for amendments to *The Saskatchewan Watershed Authority Act, 2005* and *The Water Power Act*. [2007-08 planned result]

A committee of federal and provincial agencies with direct involvement in water issues is developing the draft vision, goals, and objectives of an Integrated Water Management Framework and the draft Terms of Reference for the governance process and structure intended to operationalize the Framework. This project has been revised to match direction from the new government and finalization is anticipated in 2008.

Development of a water allocation policy will continue to be a priority for the Authority in 2008-09. Legislative amendments were delayed while other aspects of the Authority's business operations are reviewed.

Measurement Results

Performance Measure	2006-07	2007-08
Proportion of surface water industrial projects with detailed assessments completed that comply with licensing and approval requirements.	51%	68%

The Authority allocates water to industrial projects and imposes conditions such as reporting of water use, limiting when water can be withdrawn, and the term of the licence and stipulates no transfer of licence without prior approval of the Authority. The Authority conducts detailed assessments of industrial projects to determine whether water use conditions imposed by the Authority are appropriate and to determine the actual water use.

The increase in the proportion of projects complying with licensing and approval requirements reflects the priority the Saskatchewan Watershed Authority is placing on improved water use monitoring as well as commitments made under the Water Conservation Plan.

The assessments determine the need for the Authority to modify existing licences, amend conditions to future licences, and to cancel licences where use has been discontinued. The detailed assessments are undertaken on all industrial projects on a rotational basis. This measure was changed from previous years from reporting on the number of detailed assessments conducted to one which reflects the proportion of projects which comply with licensing and approval requirements. This change was made to provide a more meaningful determination of progress.

Performance Measure	2006-07	2007-08
Number of 1:250,000 map sheets for which Geographic Information System-based digital ground water maps have been completed.	2	4

The Authority initiated a program to further refine knowledge of ground water with a new series of digital maps and associated reports. This information, available on the Authority's website, is very important in helping communities, industry and other water users understand ground water availability and protection. This measure tracks progress in completing this mapping. Maps are based on National Topographic System (NTS) map sheets at a scale of 1:250,000.

Updated ground water resource maps for four NTS map sheets have now been completed and are on the Authority's website. The areas completed are Cypress, Prelate, Swift Current and Wood Mountain. This program targeted the completion of these four maps. The Authority is evaluating further work in this area and how best to proceed. These maps and their associated reports provide a regional perspective on ground water resources in area. This information can then be used to guide more site-specific work, whether it is for ground water development or ground water protection.

Performance Measure	2004	2005	2006
Total municipal per capita water consumption.*	432 litres per person per day**	423 litres per person per day**	451 litres per person per day
Winter municipal per capita water consumption (November 1 to March 31).	396 litres per person per day	384 litres per person per day	389 litres per person per day

*Data are collected on a calendar year basis. The 2007 data will not be available until July 2008.
**Results shown in the Saskatchewan Watershed Authority 2006-07 Annual Report have been adjusted to account for updated data.

These measures examine municipal water consumption, which includes use in the home, businesses, fire fighting, and municipal irrigation, as well as system leakage. Two measures are used because annual consumption is affected by summer irrigation demands for lawn and garden watering, which vary between wet and dry years causing the results to vary between years. Winter water demand is more stable and will more clearly show trends in interior water use. However, because the goal of water conservation is to become more efficient in all water uses, total water use is also a good measure of water conservation in the urban setting.

The Authority added the winter municipal per capita water consumption measure in 2007-08 to more clearly show trends over the short term without the variation caused by summer irrigation demands.

This measure is computed by summing the annual water consumption for each community from the Saskatchewan Community Water Use Records which the Authority maintains and then dividing by the total population. The winter measure uses the same methodology, except it sums total water consumption for November 1 to March 31 only.

The Saskatchewan Watershed Authority does not have direct control over this measure, but through water conservation programs does influence the measure. As the Water Conservation Plan has only recently been implemented, it is not anticipated that a measurable decrease in water use will be observed for several years.

Flood Damage Prevention Programs

Floods can impose significant costs in property damage and loss of production. The Authority works to minimize flood damage through the use of water management infrastructure and by forecasting areas at risk of flooding to guide other Ministries, municipalities and business in reducing flood risk. Dams, dikes and ditches can reduce the size and duration of floods, while proper management of development in flood plains can prevent or mitigate flood-related property damage.

In 2007, there were areas of the province which sustained significant flood damages. Most notably these areas included the cottages and homes around Waldsea and Fishing lakes, as well as areas around Humboldt, Rosthern, Duck Lake and Martensville. Communities that previously had their 1 in

500 year flood susceptibility areas identified experienced little damage. Where newer rural residences were constructed above the peak water level estimates supplied by the Authority or its predecessors, generally the flood damages were avoided or minimal.

The major problems noted in 2007 were at Waldsea and Fishing lakes, terminal lakes that have no outlets, in municipalities that did not restrict new development in flood plains, and in older developments built before flood hazard areas had been identified.

Flooding in 2007-08 demonstrated that municipalities and government agencies must enforce minimum building elevations based on estimated peak water levels. In doing so, developments are protected and flood damages are minimized.

Provide technical and financial support to Conservation and Development Area Authorities and Watershed Associations to maintain and rehabilitate locally owned existing water control infrastructure. [2007-08 planned result]

Technical and financial support was provided through the Authority's Water Control Programs. Activities included inspection of works for the identification for maintenance and related administration support. The Authority contributed nearly $541,000 towards maintenance and rehabilitation activities involving 69 Conservation and Development Area Authorities and Watershed Associations.

Technical and financial support under the Channel Clearing Program directed nearly $290,000 toward the removal of obstructions and beaver darns from natural channels within 72 Conservation and Development Area Authorities and Rural Municipalities as a means of reducing current and future flooding and related overbank erosion.

Consult with the public and test emergency preparedness plans for Rafferty and Alameda dams. [2007-08 planned result]

Consultation and testing of emergency preparedness plans was prevented due to the need to divert staff resources to flood operations and emergency flood works for Fishing and Waldsea lakes. Completion and testing of the emergency preparedness plans for Rafferty and Alameda dams will proceed in 2008-09.

Complete the flood plain mapping for the RM of Corman Park and the Pike Lake area. [2007-08 planned result]

Accurate topographic mapping for the Rural Municipality of Corman Park and the Pike Lake area was developed using remotely sensed data. The information will be used in the development of a flood plain model. The flood plain mapping will be completed in 2008.

Initiate discussions with the major Saskatchewan cities around partnership agreements for development and maintenance of Flood Damage Reduction Program mapping. [2007-08 planned result]

Discussions with the major Saskatchewan cities around partnership agreements for development and maintenance of Flood Damage Reduction Program mapping did not happen because of limited staff resources and flood operations in 2007.

Initiate audits of flood plain development in communities in the Flood Damage Reduction Program. [2007-08 planned result]

Audits of flood plain development in communities in the Flood Damage Reduction Program were deferred owing to the need to divert staff resources to flood operations and emergency flood works for Fishing and Waldsea lakes.

Remove flood waters from the cottages in 2007 prior to freeze up to ensure that no further damage occurs to the cottages at Fishing and Waldsea lakes. [2007-08 added priority result]

The Authority, on behalf of the Province, facilitated the construction of emergency berms at Fishing and Waldsea lakes that served to isolate the flooded cottages from the high lake levels. The water contained behind the berms was pumped back into the lake, which resulted in the cottages being out of the water by freeze-up. As part of the construction process, the Authority and their agents worked closely with the Ministry of Corrections, Public Safety and Policing, local government and the Fishing Lake First Nation. Costs incurred on these activities to March 31, 2008 were $17,388,000. An additional $8,699,000 was accrued and expensed in 2007-08 as the estimated cost of removing the berms in future years.

The Authority also developed a new recommended building elevation that all new development around the lake will have to be situated above to minimize the risk of flooding.

Develop and enforce a drainage moratorium on agricultural lands that impact on the Fishing Lake and Waldsea Lake watersheds. [2007-08 added priority result]

A moratorium on new drainage projects in the Fishing Lake, Waldsea Lake, Deadmoose Lake and Houghton Lake watersheds was established in early 2007. The moratorium is an interim measure that will remain in effect until the results of the drainage review are known. In the fall of 2007, overall compliance with the moratorium was high; however, 11 orders were issued to close newly developed drainage works. Costs incurred to March 31, 2008 on this activity were $101,700.

Assess the impact of drainage works on flooding at Fishing Lake and Waldsea Lake. [2007-08 added priority result]

The Authority is undertaking a review of the drainage patterns surrounding both Waldsea and Fishing lakes to assess the role of drainage in high water levels and recommend any required changes. A contract to obtain remotely sensed data and interpretation of the imagery for wetlands and for drainage works was awarded and completed for the earliest available air photography and 2007 satellite imagery. This allows the Authority to identify the changes to the basins and then determine the actual hydrologic impacts on Fishing and Waldsea lakes and the Lake Lenore basin. The review is expected be completed by June 2008, and the results reviewed with local stakeholders to determine an appropriate course of action. Costs incurred to March 31, 2008 on this activity were $326,400.

Measurement Results

Performance Measure	2004-05	2005-06	2006-07	2007-08
Number of flood plain development audits for communities involved in the Flood Damage Reduction Program.		0	0	0

As previously noted above, there were no audits of flood plain development for communities in the Flood Damage Reduction Program because staff resources were redirected to 2007 flooding activities.

Performance Measure	2004-05	2005-06	2006-07	2007-08
Per cent of flood susceptibility studies on new subdivisions forwarded to Municipal Affairs (formerly Government Relations) within 30 days.	34%	70%	75%	40%
Number of flood susceptibility studies on new subdivision forwarded to Municipal Government.		117	105	114

Under *The Planning and Development Act, 1983*, the Authority is requested to review proposed subdivisions to determine flood risk to the property. The assessment and comments are forwarded to the Ministry of Municipal Affairs for their evaluation of the proposed subdivisions. The proportion of flood susceptibility studies of proposed subdivisions forwarded by Municipal Affairs for review completed within 30 days is being measured. Many of the subdivision studies were delayed in 2007-08 as staff resources were redirected to 2007 flooding activities as well as an increase in the number of subdivision requests due to the Province's growing economy.

Source Water and Watershed Protection Programs

The people of Saskatchewan depend on both surface and ground water sources for their basic human needs and to generate economic activity. Proper siting of a water supply and aggressively protecting it from potential contaminants are keys to providing a safe water supply.

The Authority has adopted measures to provide multi-barrier protection for drinking water from source waters to the tap, and has made significant progress in all parts of the planning, implementation and monitoring cycle. The first six source water protection plans have now been completed, and implementation of the plans has become a major area of activity. A seventh plan will be finalized early in the 2008-09 fiscal year, and planning efforts have begun in two new watersheds. Further, preparations are at an early stage to commence planning during the coming year in two additional watersheds. The Authority's State of the Watershed Reporting Program uses indicators to assess the health of Saskatchewan's watersheds.

Lead implementation of watershed protection plans by implementing key actions assigned to the Watershed Authority, facilitating local leadership in implementing source water protection plans through technical and financial support, and completing the first annual progress reports on watershed plan implementation. [2007-08 planned result]

Local leadership in implementing source water protection plans has been facilitated by providing technical and financial support to non-profit organizations which have been selected by the watershed planning groups to lead implementation. A total of $235,000 has been provided to five groups to support implementation of the six completed source water protection plans.

The first annual progress reports on watershed plan implementation have not been completed. The procedures and guidelines for the production of these progress reports are still in development.

Work with small communities that have high risk source water to develop source water protection plans. [2007-08 planned result]

No further progress was made on this activity as these program activities were shifted from the Authority to the University of Regina, which will continue with this work. Consequently, the Authority's involvement has now ended.

Expand source water protection planning to two new watersheds. [2007-08 planned result]

Work has been initiated towards the development of plans for the Swift Current Creek and Carrot River watersheds. Technical committees have been established in these areas and the Watershed Advisory Committees for both watersheds will soon be operational.

Obtain approval for the draft Wetland and Drainage Policy and begin implementation through working with partners and begin drafting legislative amendments. [2007-08 planned result]

The Wetland Conservation and Drainage Management policies continue to be reviewed within the provincial government. It is anticipated that they will be sent out for stakeholder comment and finalized in 2008.

Work with a minimum of 500 agricultural producers through extension activities to assist in the development of Beneficial Management Practices designed to protect source water and ecological function. [2007-08 planned result]

Extension activities to assist in the development of Beneficial Management Practices designed to protect source water and ecological function included Authority staff personally visiting 444 agricultural producers, and reaching another 446 agricultural producers through a total of 13 workshops.

Provide support to the First Nations Agricultural Council of Saskatchewan Inc. in the delivery of source water protection plans developed by individual First Nations. [2007-08 planned result]

The First Nations Agricultural Council of Saskatchewan was provided with in-kind technical support and $10,000 towards the delivery of source water protection plans developed by Witchekan Lake, Sweetgrass, and Muskeg Lake First Nations.

Undertake an assessment to determine the contribution of non-point agricultural sources to water quality and habitat degradation that can be used in watershed planning activities and to measure the efficacy of Best Management Practices. [2007-08 planned result]

A study to determine the extent of agricultural non-point source contributions to Saskatchewan's water quality is underway in the Lower Souris River Watershed along Pipestone Creek. Funding partners and local contacts are in place. This study involves four principal components: land use assessments, water quality testing, hydrological measurements and evaluation of aquatic biological communities (macroinvertebrates). The land use assessment has been conducted and the first year of water quality sampling, flow measurements and macroinvertebrate evaluation occurred during the spring and summer of 2007. The Authority is currently assessing the 2007 data.

Develop a graduated coarse-to-fine-filter protocol to assess the magnitude of environmental risk due to alteration of natural instream flows, and apply the methodology on a pilot basis to a sample of Saskatchewan systems. [2007-08 planned result]

The Authority has developed a first draft of the course screen filter that takes into account hydrology, aquatic habitat water quality and aquatic species considerations. Once the course screen filter has been peer reviewed, a pilot site will be chosen to apply the methodology.

Complete Phase One of the Geographic Information System (GIS) Strategic Plan Implementation. [2007-08 added priority result]

Phase One Implementation is near completion. This includes the drafting of a Geospatial Data Management Policy, as well as several procedures including: Geospatial Data Storage Procedure, Geospatial Data Standards, and Map Standards. These procedures will help to protect and enhance the value, integrity, accessibility, and usability of the Authority's Geographic Information System (GIS) data. Changes made to the GIS system architecture, along with a GIS orientation session, have served to provide employees with improved access to GIS tools and datasets necessary to enable more informed and integrated decision making.

The implementation also included the creation and conversion of several high priority Authority datasets to a GIS format. Several key geospatial datasets were also made viewable and downloadable for the general public in a digital GIS format on the new "GeoSask Portal" website: http://www.geosask.ca/Portal/. The datasets posted to date include:

- Active Watershed Authority Hydrometric Stations
- Reservoir Development Area Land Use Districts
- Reservoir Development Area Restricted Building Areas
- Watershed Authority Dams
- Major Basins
- Watershed Authority Planning Areas
- Watershed Authority Watersheds
- Water Well Driller's Records

Measurement Results

Performance Measure	March 2004	March 2005	March 2006	March 2007	March 2008
Number of completed watershed and aquifer plans.	0 Completed 7 Underway	0 Completed 7 Underway	0 Completed 2 Draft Plans 5 Underway	4 Completed 1 Draft Plan 2 Underway	6 Completed 1 Draft Plan 2 Underway

Watershed and aquifer plans guide activities for source water protection. Watershed planning allows Saskatchewan residents the opportunity to commit to and participate in changes that will ensure adequate and quality drinking water. Completed plans set priorities and identify emerging issues. Available resources and progress made on existing watershed and aquifer plans determines the Authority's ability to initiate new planning areas. New watershed planning areas are implemented as staff become available to guide and direct the process.

The Authority leads the planning process, but the local Watershed Advisory Committee representatives develop the plans. The Authority thus shares influence on this measure with the watershed residents but does not have direct control as to which actions are initiated or completed.

Watershed Implementation Committees	Proportion of Key Actions Underway or Complete	
	March 2007-08	
	Key Actions	Underway or Complete
Lower Souris River	12/25	48%
Moose Jaw River	37/84	44%
South Saskatchewan River	16/39	41%
Yorkton Area Aquifers	9/23	39%
Assiniboine River	15/44	34%
Totals	89/215	41%

Watershed and aquifer plans contain key actions needed to protect source water. Each key action identifies the organization(s) responsible for implementation. By participating in the implementation of key actions, the Watershed Implementation Committees provide local representatives with the opportunity to ensure that priorities are being addressed. Implementation began this fiscal year and 89 out of a possible 215, or 41 per cent, of the watershed and aquifer plan key actions have been completed or initiated by the committees.

Water Quality Index Values and Ratings for Lakes

	Water Quality Index Score					
Lake	**2005**	**Rating**	**2006**	**Rating**	**2007**	**Rating**
Anglin Lake	100.0	Excellent	91.7	Good	92.2	Good
Christopher Lake	88.2	Good	83.8	Good	86.5	Good
Emma Lake	100.0	Excellent	94.1	Good	87.1	Good
Good Spirit Lake	88.5	Good	92.1	Good	***	***
Lac Pelletier	90.5	Good	87.3	Good	85.6	Good
Last Mountain Lake	78.2	Fair	74.6	Fair	72.9	Fair
Moosomin Reservoir	77.0	Fair	83.5	Good	82.5	Good
Round Lake (Kelvington)	92.5	Good	95.4	Excellent	87.0	Good
Turtle Lake	95.4	Excellent	95.4	Excellent	95.4	Excellent
Brightsand Lake	83.0	Good	82.8	Good	***	***
Big Shell Lake	96.1	Excellent	100.0	Excellent	92.8	Good
Jackfish Lake	64.3	Fair	68.7	Fair	65.4	Fair
Murray Lake	86.8	Good	91.5	Good	90.1	Good
Pike Lake	85.1	Good	91.6	Good	***	***
Blackstrap Reservoir	***	***	***	***	100.0	Excellent

*** Site not sampled or insufficient number of samples to calculate WQI.

Three Year Average Water Quality Index Values and Ratings for Rivers

	2003 - 2005	Rating	2004 - 2006	Rating	2005 - 2007	Rating
Assiniboine River*	67.6	Fair	68.9	Fair	70.8	Fair
Battle River*	59.1	Marginal	64	Fair	61.3	Fair
Beaver River*	75.2	Fair	78.9	Fair	79.4	Fair
Beaver River (Beauval)	91.7	Good	91.0	Good	88.5**	Good
Beaver River (Dorintosh)	83.4	Good	82.5	Good	88.1**	Good
Carrot River*	62.6	Fair	64.7	Fair	62.5	Fair
Churchill River*	92	Good	91	Good	91.5	Good
Churchill River (Otter Rapids)	100	Excellent	100	Excellent	100**	Excellent
Cold River (Lake Outlet)	100	Excellent	100	Excellent	100	Excellent
North Saskatchewan River*	69.4	Fair	62.7	Fair	61.8	Fair
North Saskatchewan River (Cecil Ferry downstream)	66.9	Fair	58.9	Marginal	59.0	Marginal
North Saskatchewan River (Cecil Ferry upstream)	80.9***	Good	68.1***	Fair	62.6***	Fair
North Saskatchewan River (Prince Albert)	61.5	Fair	73.3	Fair	70.5	Fair
Qu'Appelle River*	64.9	Fair	60.7	Fair	61.4	Fair
Qu'Appelle River (below Qu'Appelle Dam)	100.0	Excellent	100.0	Excellent	100.0	Excellent
Qu'Appelle River (Wascana River)	76.1	Fair	70.1	Fair	71.0	Fair
Qu'Appelle River (Hwy#11 at Lumsden)	69.0	Fair	67.4	Fair	68.7**	Fair
Qu'Appelle River (Edenwold)	61.3	Fair	62.1	Fair	58.8**	Marginal
Red Deer River (SK/MB)*	86.6	Good	88.1	Good	81.1	Good
South Saskatchewan River*	78.7	Fair	79.5	Fair	76.8	Fair
South Saskatchewan River (Leader)	-----	-----	-----	-----	89.9***	Good
South Saskatchewan River (near Outlook)	-----	-----	-----	-----	97.3***	Excellent
South Saskatchewan River (W Clarkboro)	-----	-----	-----	-----	97.9***	Excellent
Saskatchewan River*	74.4	Fair	73.4	Fair	74.4	Fair

* Prairie Provinces Water Board
** no data for 2007
*** no data for 2005
----- no sampling occurred/insufficient data

The Water Quality Index is an overall measure of the quality of water for specific uses such as the protection of aquatic life, livestock watering, recreation, etc. The levels of chemicals and organisms in

the samples are compared with the Water Quality Index levels for safety and health of the people. The Index is a composite measure of different chemicals and organisms in the water and whether the water quality is safe for particular uses. It is a good measure of the quality of surface or ground water.

The Authority has limited direct control over the results of this broad measure of water quality. While the provincial government regulates point source pollution, many human and natural factors can influence water quality.

The Water Quality Index ratings provide a good measure of the quality of water in Saskatchewan's lakes and rivers and allow a comparison of changing results over time. However, a limited number of samples are taken in any single year and this, as well as changes in water levels and river flow from year to year, can produce significant annual changes in the Index. To provide a more meaningful picture of longer term change that is still sensitive to real underlying changes, the Water Quality Index for rivers has been presented as a three year mean. It was previously presented as 5 and 15 year means.

The following descriptive categories are used to further explain the Water Quality Index results:

Excellent: (WQI value 95-100) - Water quality is protected with a virtual absence of threat or impairment; conditions very close to natural or pristine levels. These index values can only be obtained if all measurements are within objectives virtually all of the time.

Good: (WQI value 80-94) - Water quality is protected with only a minor degree of threat or impairment; conditions rarely depart from natural or desirable levels.

Fair: (WQI value 60-79) - Water quality is usually protected but occasionally threatened or impaired; conditions sometimes depart from natural or desirable levels.

Marginal: (WQI value 45-59) - Water quality is frequently threatened or impaired; conditions often depart from natural or desirable levels.

Poor: (WQI value 0-44) - Water quality is almost always threatened or impaired; conditions usually depart from natural or desirable levels.

Public Education Programs

Many actions to protect water can only be accomplished at the initiative of or in partnership with the citizens of the Province. The success of the Authority's programs is therefore dependent on public understanding of the importance and benefits of source water protection.

One area of focus for the Authority's education programs was in making linkages to the growing First Nations community. The Authority achieved significant results in mentoring Aboriginal teachers to facilitate the Authority's environmental education programs and now offers Project WILD and Project WET to all Aboriginal Teacher Education programs.

The Authority continued to use education and extension effectively to support watershed and aquifer planning and implementation of completed plans. The Authority also celebrated the 40th Anniversary of Gardiner Dam and the creation of Lake Diefenbaker, which ensures water supplies for much of Saskatchewan's population. The public event included a tour of Gardiner Dam, cake cutting and speeches by various dignitaries.

Use marketing and communications to support the watershed and aquifer planning processes and plan implementation. [2007-08 planned result]

Communications items to support the planning process for the source water protection plans included posters, brochures, newspaper articles, print advertisements and informational mail-outs.

As part of the Water Conservation Plan, educate the public about the underlying value of water and importance of water conservation, and promote specific techniques which can conserve water. [2007-08 planned result]

General educational initiatives on water conservation included a province-wide three-week television campaign launched in March 2008 at a cost of $71,000. The general focus of the campaign was on conservation, water management and the need to have healthy, adequate water supplies for Saskatchewan people.

A water conservation workshop was delivered to a group of water operators from Saskatchewan communities, as part of the Saskatchewan Waste Water Association Certificate Program. The presentations included information on Saskatchewan's Water Conservation Plan, the cost of water, municipal water losses, options for and the benefits of conservation, as well as communities establishing water conservation programs utilizing a community-based social marketing approach.

Other initiatives included a new water conservation link on the Authority's website, which includes tips on conserving water and the public awareness campaign. Also, in the development phase, to enhance this link will be the addition of the Water Wise Quiz.

Offer workshops on the environmental education programs Project WET and Project WILD to education students at all training institutions, as well as to teachers in the Kindergarten to Grade 12 system. [2007-08 planned result]

These programs continue to be very well received. Teachers take the workshops and are then able to deliver the materials to their students. The total number of teachers using the material thus grows from year to year. This year, 949 educators attended Project WET and Project WILD workshops. Saskatchewan is the only jurisdiction in Canada offering Project WILD and Project WET to all Aboriginal Teacher Education programs. During the 2007-08 academic year, the new Prince Albert campus of the First Nations University of Canada and the North Battleford campus of the Indian Teacher Education Program were included in the northern areas receiving extension workshop delivery.

Significant results were achieved in efforts to mentor newly trained Aboriginal teacher facilitators. Five Aboriginal teachers were involved in the co-planning and facilitation of workshops to their peers in northern Saskatchewan. For the first time, two aboriginal facilitators participated in advanced leadership training, completing the western Canada pilot for the Adopt-a-River Program at the annual WILD Education Professional Development Conference in Lethbridge, Alberta.

Measurement Results

Performance Measure		June 2004	June 2005	June 2006	June 2007
The number of teachers attending Project WET and Project WILD workshops.	Project WET	128	313	333	536
	Project WILD	196	572	518	413

The above reflects the number of teachers attending Project WET and Project WILD. Data are presented for the academic year, which ends in June. This is an important measure of the success of our classroom education programs, as it is the teachers who take these workshops who then use the program materials to educate their students. Success in the program depends to a high degree on the educators around the province who have agreed to serve as facilitators for Project WILD and Project WET.

The environmental education programs are credible, adaptable to a variety of grade levels and learning styles, and most importantly linked to the Saskatchewan curriculum. Providing training to students in the province's Faculty of Education programs, as well as advance leadership training to a core of facilitators, has resulted in a substantial increase in the number of teachers trained in Project WET each year. We expect this trend to continue as the new science curriculum in Saskatchewan comes on stream and teachers look for opportunities to upgrade their skills to teach lessons relating to watersheds, floods and climate change, etc.

Financial Overview 2007 - 2008

For the fiscal year ending March 31, 2008

Summary of Financial Results

During the 2007-08 year, the Saskatchewan Watershed Authority generated an operating surplus of $1,597,000, prior to the financial impact of the flood relief projects. This compares to a surplus of $2,699,000 in 2006-07. The revenues for the current year totalled $28,065,000 (2006-07 - $26,450,000) and expenses were $26,468,000 (2006-07 - $23,751,000). The financial impact of the flood relief projects in 2007-08 was a deficit of $1,716,000, creating an overall net operating deficit of $119,000 for the Authority.

An increase in revenue collected from SaskPower under *The Water Power Act* ($2,205,000) was offset by decreases in grant revenue from the General Revenue Fund ($185,000) and the Fish and Wildlife Development Fund ($325,000). The increase in the revenue from *The Water Power Act* is a reflection of the large volume of water available during 2007. Expenses have increased due to the following: salary and benefit costs related to the collective bargaining agreement and the job evaluation process; Go Green expenditures (new program in 2007-08); and the increased take-up of Water Control grants.

At the end of the reporting period, the Saskatchewan Watershed Authority had 192 employees (182.72 full-time equivalents).

Management's Responsibility for Financial Reporting

Management has prepared the financial statements of the Authority in accordance with Canadian generally accepted accounting principles for government organizations. The financial data included elsewhere in this report is consistent with the financial statements and the underlying information from which the Authority prepared these financial statements.

Management has the primary responsibility for the integrity and objectivity of the financial statements. To fulfill this responsibility, the Authority maintains appropriate systems of internal controls, policies and procedures. These systems provide reasonable assurance that assets are safeguarded and that the books and records reflect the authorized transactions of the Authority.

Deloitte & Touche LLP, the Authority's external auditors, have examined the March 31, 2008 financial statements and their report follows.

The Board of Directors of Saskatchewan Watershed Authority has examined and approved the statements.

On behalf of the Authority,

Alan Parkinson
President

April 25, 2008

Auditors' Report

To the Members of the Legislative Assembly
Province of Saskatchewan

We have audited the statement of financial position of the Saskatchewan Watershed Authority as at March 31, 2008 and the statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Saskatchewan Watershed Authority as at March 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles for government.

Deloitte & Touche LLP

Chartered Accountants
Regina, Saskatchewan

April 25, 2008

Statement 1

Statement of Financial Position

As At March 31

	2008	2007
	(Thousands of Dollars)	
Financial Assets		
Cash and short-term investments (note 3)	$ 11,368	$ 859
Investments (note 4)	-	8,090
Accounts receivable	13,757	6,208
	25,125	15,157
Liabilities		
Accounts payable and accrued liabilites	3,764	2,458
Flood relief projects obligations (note 5)	8,699	-
Deferred revenue (note 6)	1,667	1,593
Employee future benefits (note 7)	708	657
	14,838	4,708
Net Financial Assets	10,287	10,449
Non Financial Assets		
Tangible capital assets (note 9)	302,907	302,820
Prepaid expenses and supplies	293	337
	303,200	303,157
Accumulated Surplus	$ 313,487	$ 313,606

Commitments and contingencies (note 10)

See accompanying notes

On behalf of the Board,

Stuart Kramer

Stuart Kramer
Chair of the Board

Statement 2

Statement of Operations and Accumulated Surplus

Year Ended March 31

	Budget (note 14)	2008	2007
		(Thousands of Dollars)	
Revenue			
Government of Saskatchewan			
- General Revenue Fund	$ 7,184	$ 7,184	$ 7,369
- Fish and Wildlife Development Fund	503	503	828
Water revenue	13,772	17,205	15,000
Contract revenue (Schedule 1)	950	1,222	1,298
Other	1,410	1,951	1,955
	23,819	28,065	26,450
Expenses (Schedule 2)			
Corporate services	5,648	2,100	5,041
Regional services	4,880	6,300	4,126
Infrastructure management	2,425	2,927	2,084
Stewardship projects and administration	2,577	3,150	2,251
Watershed monitoring and assessment	2,250	2,308	1,875
Watershed planning	1,343	1,560	1,205
Hydrology services	1,386	2,042	1,587
Interjurisdictional water management and administration	1,088	902	931
Groundwater management	890	1,150	883
Interest	68	69	65
Amortization of tangible capital assets	3,650	3,960	3,703
	26,205	26,468	23,751
Surplus (Deficit) for the year before the following	(2,386)	1,597	2,699
General Revenue Fund grant for flood relief projects (note 5)	-	24,799	-
Expenses related to flood relief projects (note 5)	-	26,515	-
	-	(1,716)	-
(Deficit) Surplus for the year	(2,386)	(119)	2,699
Accumulated Surplus – beginning of year	313,606	313,606	310,907
Accumulated Surplus – end of year	$ 311,220	$ 313,487	$ 313,606

See accompanying notes

Statement 3

Statement of Change in Net Financial Assets

Year Ended March 31

	2008	2007
	(Thousands of Dollars)	
(Deficit) Surplus for the Year	$ (119)	$ 2,699
Acquisition of tangible capital assets	(4,066)	(3,117)
Amortization of tangible capital assets	3,960	3,703
Loss (gain) on sale of tangible capital assets	11	(11)
Proceeds on sale of tangible capital assets	8	15
	(206)	3,289
Use (acquisition) of prepaid expenses and supplies	44	(45)
(Decrease) Increase in net financial assets	(162)	3,244
Net financial assets – beginning of year	10,449	7,205
Net financial assets – end of year	$ 10,287	$ 10,449

See accompanying notes

Statement 4

Statement of Cash Flows

Year Ended March 31

CASH PROVIDED BY (USED IN)	2008	2007
	(Thousands of Dollars)	
Operating Activities:		
(Deficit) Surplus for the year	$ (119)	$ 2,699
Items not affecting cash:		
Amortization of tangible capital assets	3,960	3,703
Loss (gain) on sale of tangible capital assets	11	(11)
Net change in non-cash balances relating to operations:		
Accounts receivable	(7,549)	(762)
Prepaid expenses and supplies	44	(45)
Accounts payable and accrued liabilities	1,306	623
Flood relief projects obligations	8,699	-
Employee future benefits	51	68
Deferred revenue	74	276
	6,477	6,551
Capital Activities:		
Acquisition of tangible capital assets	(4,066)	(3,117)
Proceeds on sale of tangible capital assets	8	15
	(4,058)	(3,102)
Investing Activities:		
Maturing (acquisition) of investments	8,090	(8,090)
	8,090	(8,090)
Increase (decrease) in cash during the year	10,509	(4,641)
Cash and short-term investments – beginning of year	859	5,500
Cash and short-term investments – end of year	$ 11,368	$ 859

See accompanying notes

Cash and short-term investments (note 3)

Notes to the Financial Statements March 31, 2008

1. Status of the Saskatchewan Watershed Authority

The Saskatchewan Watershed Authority (the Authority) was established on October 1, 2002, under the authority of **The Saskatchewan Watershed Authority Act**. The Authority is a Treasury Board Crown corporation within the meaning of **The Crown Corporations Act, 1993**. The Authority is a continuing corporation of the Saskatchewan Wetland Conservation Corporation, established by Order in Council 29/90 dated January 10, 1990.

On October 1, 2002, the Saskatchewan Water Corporation transferred involvement in water management activities to the Saskatchewan Watershed Authority. These activities included the operations, maintenance and rehabilitation of provincially-owned water infrastructure including dams and conveyance channels, as well as the hydrometric, forecasting and regulatory functions of the Corporation.

In accordance with the provisions of **The Saskatchewan Watershed Authority Act, 2005** the Authority's general powers and purposes are to manage, administer, develop, control and protect the water, watersheds and related land resources of Saskatchewan and to promote the economical and efficient use, distribution and conservation of the water, watersheds and related land resources.

2. Significant Accounting Policies

These financial statements have been prepared using Canadian generally accepted accounting principles appropriate for the public sector. The following accounting principles are considered to be significant:

Tangible Capital Assets
Capital assets are recorded at cost. Internally provided engineering and technical services are capitalized at charge out rates designed to recover salaries, benefits and overhead. The objective of this policy is to recognize the approximate value of design, supervision and administrative services rendered by Authority employees on construction projects. As well, the Authority capitalizes interest expense on debt relating to specific construction projects. Charges for amortization are calculated at the following annual rates:

Tangible Capital Assets	Method	Rate
Buildings and leaseholds	straight-line	2.5% to 5%
Maintenance equipment	diminishing balance or straight-line, as appropriate	6.67% to 30%
Office equipment	straight-line	10% to 33.3%
Water infrastructure	straight-line	1.67% to 2.5%

Government of Saskatchewan Grants
Under the authority of Section 27 of **The Saskatchewan Watershed Authority Act, 2005** the Authority receives grants from the General Revenue Fund out of monies appropriated by the legislature or authorized by Order in Council. These grants are recorded as revenue when received or receivable and are used to fund grant programs, water management infrastructure rehabilitation expenditures and operations.

Revenue Recognition
Contractual revenue received by the Authority for specific purposes is recognized as revenue in the year in which the related expenditures are incurred. Water revenue is recognized as revenue in the year it is consumed. Other revenue includes: licences, fees, permits, interest income, pumping equipment rental and a service contract with SaskWater. These revenues are recognized in the year they are earned.

Grants to Clients
Grants provided to clients for a variety of programs are recorded as an expenditure to the Authority if the final approval for the grant payment was made during the year. Where the Authority enters into contractual agreements for project construction under various assistance programs, expenditures are accounted for on an accrual basis.

Employee Future Benefits
The Authority administers a benefit relating to a retirement allowance which is paid to eligible employees upon retirement. The Authority has adopted the accrual method of accounting for this benefit whereby the cost of providing the benefits is recorded when the related services of employees are performed.

Measurement Uncertainty
The preparation of financial statements in conformity with Canadian public sector generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Significant areas requiring the use of management estimates relate to the useful lives of assets for amortization periods and estimated future costs of the flood relief projects.

3. Cash and Short-Term Investments

Short-term investments are term deposits that are readily convertible to cash and with original maturities of less than 90 days. The carrying value approximates their market value.

	2008	2007
	(Thousands of Dollars)	
Cash	$ 669	$ 859
Short-term investments	10,699	-
	$ 11,368	$ 859

4. Investments

Investments are term deposits that are readily convertible to cash and with maturities of more than 90 days. The carrying value approximates their market value.

	2008	2007
	(Thousands of Dollars)	
Investments	$ -	$ 8,090

5. Flood Relief Projects Obligations

In the spring of 2007, the Fishing and Waldsea Lake areas experienced extraordinary flooding due to well above normal runoff. On April 30, 2007, the Government announced emergency measures to assist these communities to respond to the flooding, including coordinating the necessary measures to remove homes and cottages from the water, and development of long term protection from flooding. The Authority and the Ministry of Corrections, Public Safety and Policing lead this emergency work.

The project included construction, operation and removal of earthen berms to allow for the dewatering of residential areas that were flooded. As a condition of the Department of Fisheries and Oceans' permit issued to the Authority, the berms are to be removed by October 15, 2009. The General Revenue Fund granted the Authority $24,799,000 during 2007-08 to undertake these projects. The Authority expended $17,816,000 to March 31, 2008, and accrued an additional $8,699,000 as estimated costs of berm removal, to be incurred in future years, for a total expense of $26,515,000 in 2007-08. Approximately $425,000 of the total expense relates to costs for drainage investigations in the flooded areas.

6. Deferred Revenue

At year end, the Authority has received funding for various projects but has not yet completed the projects. The balance that remains in deferred revenue includes the depredation fund established for the Souris Basin project to deal with wildlife and waterfowl depredation prevention and compensation.

	2008	2007
	(Thousands of Dollars)	
Balance, beginning of year	$ 1,593	$ 1,317
Contractual revenues received	123	320
Recognition of prior year deferred revenue	(49)	(44)
Balance, end of year	$ 1,667	$ 1,593

7. Employee Future Benefits

The amounts related to the defined benefit retiring allowance are as follows:

	2008	2007
	(Thousands of Dollars)	
Accrued benefit liability	$ 708	$ 657
Benefits paid during the year	44	10
Net expense	95	78

The significant actuarial assumptions adopted in measuring the Authority's accrued benefit liability at March 31 are:

Discount rate	5.50%	4.50%
Inflation rate	2.75%	2.75%
Average remaining service life	13.1 years	13.3 years

8. Grants To Clients

Included in expenses are grants or assistance provided to various persons and organizations to carry out a variety of programs administered by the Authority. In addition, where the condition of financial assistance for certain programs requires the Authority to provide engineering or technical services, an allocation of salaries to grant expenses is made. Particulars of these grants, including salary/overhead allocation of $431,700 (2007 - $353,500), by program, are as follows:

	2008	2007
	(Thousands of Dollars,	
Flood Control and Drainage	$ 1,030	$ 786
Water Quality	229	230
Stewardship	380	314
Pumping Equipment Rental Program	318	195
	$ 1,957	$ 1,525

9. Tangible Capital Assets

			2008	2007
			(Thousands of Dollars)	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	$ 5,155	$ -	$ 5,155	$ 5,155
Buildings and leasehold improvements	953	185	768	62
Maintenance equipment	2,705	2,032	673	700
Office equipment	1,374	582	792	348
Water infrastructure	379,207	83,688	295,519	296,555
	$ 389,394	$ 86,487	$ 302,907	$ 302,820

10. Commitments And Contingencies

Contractual Commitments

As of March 31, 2008, the Authority has outstanding commitments of $992,500 (2007 - $776,700) for construction contracts, consulting agreements, and land owner agreements. Within various contractual agreements, the Authority has committed to provide in-kind services. If contracts were terminated, the Authority's only liability would be for actual costs incurred to date.

Leases

The Authority has entered into various operating lease agreements with the following minimum lease payments:

	(Thousands of Dollars)
2009	$ 883
2010	721
2011	482
2012	403
2013	399
2014 and thereafter	1,430
	$ 4,318

Litigation
The Authority is party to a number of lawsuits of which the outcome can not be determined, therefore, no amounts have been allowed for settlement in these statements.

11. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations, ministries, agencies, boards and commissions related to the Authority by virtue of common control by the Government of Saskatchewan and non-Crown corporations and enterprises subject to joint control or significant influence by the Government of Saskatchewan (collectively referred to as "related parties").

Routine operating transactions with related parties are settled at prevailing market prices under normal trade terms. These transactions and amounts outstanding at year end, are as follows:

	2008	2007
	(Thousands of Dollars)	
Water, contract and other revenue	$16,945	$15,416
Expenses	4,204	3,773
Accounts receivable	12,632	4,760
Accounts payable	258	578

Other amounts and transactions due to and from related parties and the terms of settlement are described separately in these financial statements and the notes thereto.

12. Pension Plan

The Authority's employees participate in the Capital Pension Plan (the Plan), a defined contribution pension plan. The Authority's contributions to the Plan include making regular payments into the Plan to match the required amounts contributed by employees for current service. The total amount paid to the Plan for 2008 was $798,700 (2007 - $666,900).

13. Financial Instruments

The Authority's recognized financial instruments consist of cash and short-term investments, investments, accounts receivable, accounts payable and accrued liabilities and employee future benefits.

Credit Risk
The Authority is exposed to credit risk from the potential default of customers. However, the majority of the Authority's accounts receivable are from related parties, other government corporations and agencies.

Fair Values
The fair values of cash and short-term investments, investments, accounts receivable and accounts payable and accrued liabilities approximate their carrying value due to the short-term nature of these instruments. Fair values of employee future benefits approximate their carrying values. These were estimated using current discount rates.

14. Budget Figures

The budget figures are presented for comparison purposes. The Authority's Board of Directors approved this budget on February 23, 2007.

Schedule 1 - Contract Revenue

	2008	2007
	(Thousands of Dollars)	
Canadian Wildlife Service	$ 280	$ 250
Environment Canada	272	223
Wildlife Habitat Canada	95	38
United States - Federal and State	21	47
Canada Saskatchewan Water Supply Expansion Program	98	233
Other	456	507
	$ 1,222	$ 1,298

Schedule 2 - Expenses by Program

	Corporate services	Regional services	Infrastructure management	Stewardship projects & administration	Watershed monitoring & assessment	Watershed planning	Hydrology services	Interjurisdictional water management & administration	Groundwater management	Interest & Amortization	2008 Total	2007 Total
											(Thousands of dollars)	
Salaries and benefits	$ 3,201	$ 3,432	$ 2,357	$ 1,086	$ 1,486	$ 1,110	$ 995	$ 349	$ 835	$ -	**$ 14,851**	$ 12,496
Travel and other staff costs	292	290	163	242	170	104	144	38	36	-	**1,479**	1,391
Professional services	258	10	108	66	281	10	63	2	2	-	**800**	682
Office supplies	560	86	44	66	49	32	24	28	6	-	**895**	905
Materials	12	53	80	6	45	-	34	-	14	-	**244**	218
Contractual services	120	336	164	68	2	-	511	374	63	-	**1,638**	1,467
Cash grants	-	863	-	377	-	-	-	-	-	-	**1,240**	920
Salary allocations	(3,115)	702	(116)	366	192	226	176	111	160	-	**(1,298)**	(633)
Other expenses	772	528	127	873	83	78	95	-	34	4,029	**6,619**	6,305
Total	$ 2,100	$ 6,300	$ 2,927	$ 3,150	$ 2,308	$ 1,560	$ 2,042	$ 902	$ 1,150	$ 4,029	**$ 26,468**	$ 23,751

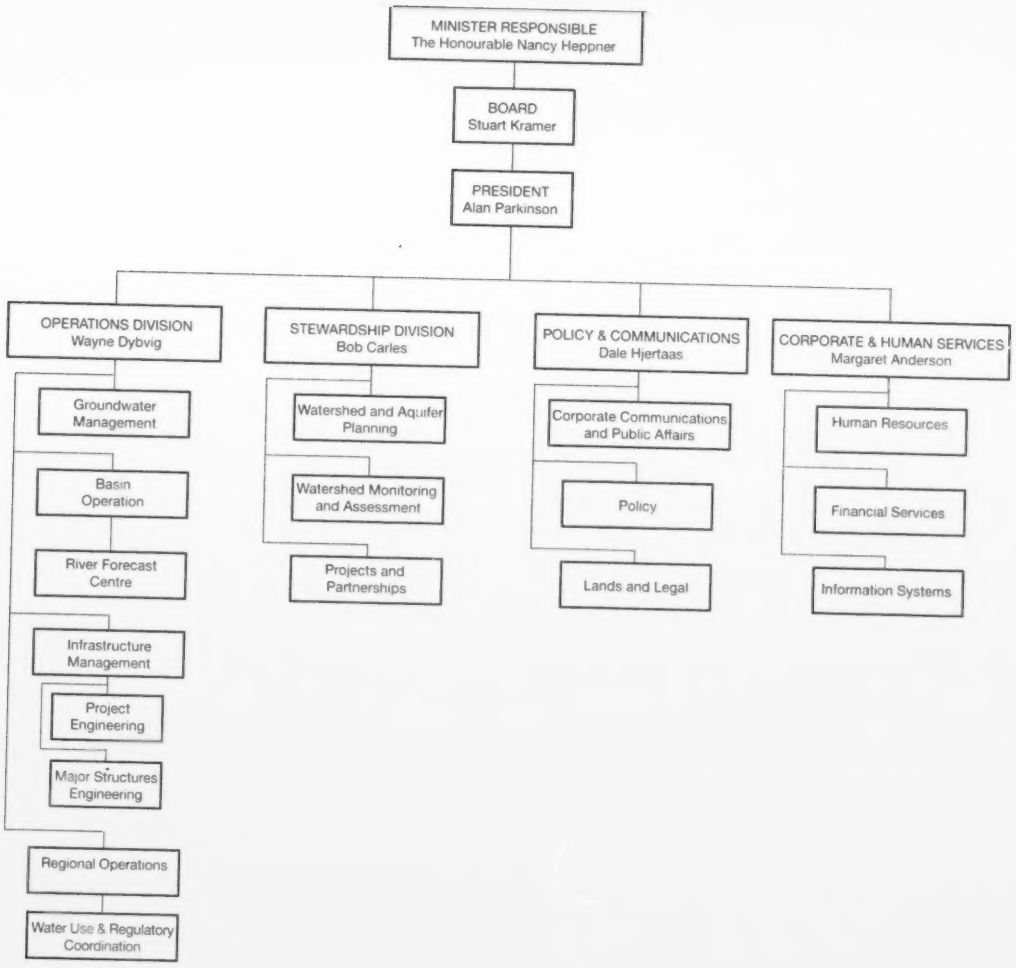
Appendix 1 - Advisory Committee

Saskatchewan Watershed Authority Advisory Committee (2007 – 2008)

Name	Representing Organization
Dr. Ray Fast, Chair	Independent
Marie-Ann Bowden	Saskatchewan Eco-Network
Lorne Cooper	Saskatchewan Chamber of Commerce
Karla Hardcastle	Provincial Youth Advisory Committee
Al Heron	Saskatchewan Urban Municipalities Association
Murray Hidlebaugh	Saskatchewan Parks and Recreation Association
Georgina Jolibois	New North
Brent Kennedy	Ducks Unlimited Canada
Larry Kratt	Canadian Association of Petroleum Producers
Susan Lamb	Meewasin Valley Authority
Merlin McFarlane	Saskatchewan Conservation and Development Association
K. Dale McLeod	Provincial Association of Resort Communities of Saskatchewan
Terry Ostrander	Saskatchewan Stock Growers Association
Don Taylor	Saskatchewan Association of Rural Municipalities
Verona Thibault	Saskatchewan Economic Development Association
Leo Tomasiewicz	Saskatchewan Irrigation Projects Association
Ray Wild	Saskatchewan Wildlife Federation
Yvonne Vizina	Métis

Appendix 2 – Regions and Office Locations

Appendix 3 – Organizational Chart



For More Information

More detailed information can be obtained by visiting the Saskatchewan Watershed Authority's website at: www.swa.ca, calling its head office in Moose Jaw at 306-694-3900, or contacting the water inquiry line toll free at 1-866-SASK-H2O (1-866-727-5420).